

SENATE JOINT RESOLUTION 128

By Haynes

A RESOLUTION to recognize the members and staff of the Tax Structure Study Commission and to commend them for their diligence and professionalism in approaching their charge.

WHEREAS, between 1999 and 2002, the State of Tennessee suffered from significant revenue shortfalls due in large measure to the recession that developed in the wake of a downturn in the economy; the State averted an increase in the sales tax by drastically trimming many services in the budget, tapping the Rainy Day fund, draining capital project reserve funds, canceling or postponing capital projects, reducing allocations to higher education institutions, and withholding pay raises and reducing benefits for State employees; and

WHEREAS, as a result, Tennessee's bond rating dropped significantly, resulting in higher capital costs for bonded projects and reduced capital investment in Tennessee's future; and

WHEREAS, in July of 2002, with more revenue shortfalls on the horizon and having no further options for a quick infusion of funds, the Tennessee General Assembly passed a \$933 million tax package which resulted in the State's having the nation's highest state sales tax rate; and

WHEREAS, as a part of that tax measure, in Section 12 of Chapter 856 of the Public Acts of 2002, an independent Tax Structure Study Commission was created to evaluate the Tennessee tax system in terms of soundness, fairness, equity, and deductibility, and, if appropriate, to recommend changes to the Tennessee tax code in order to enhance the soundness, fairness, equity, and adequacy thereof; the charge centered on ways to make the State tax system competitive with surrounding states and promoting balance, stability and elasticity; and

WHEREAS, the Commission was composed of 19 voting members and five non-voting members, who convened for more than 40 meeting days in 2003 and 2004 to produce a report; the voting members of the Commission were Nelson C. Andrews, Chair; Webb Banks of the Tennessee Municipal League; Theresa Bibb Colin; John G. Hankins of AARP; Dan Haskell of the Chambers of Commerce; Waymon Hickman representing Bankers; Joe Huddleston representing Tax Attorneys; Milton Johnson representing Hospitals; Andrea Bond Johnson; Julius Johnson of the Farm Bureau; Jerry Mansfield representing County Officials; Gary Poe representing Business; Will Pugh representing CPAs; Dr. Ruthie Reynolds; Robert Rochelle representing the Tennessee State Employees Association; Hal Roe representing families; A. J. Starling representing Labor; Ellen Thornton; and Dr. Carolyn Baldwin Tucker representing Insurance; and

WHEREAS, the five non-voting members were Dr. Albert DePrince of Middle Tennessee State University; Dr. Bill Fox of the University of Tennessee; William Henderson, JD/CPA of Vanderbilt University; Dr. John Malloy of the University of Memphis; and Dr. Grover Porter of Tennessee State University; the excellent Study Commission staff included Eileen Smith, Executive Director, and Debora Pentecost, Executive Assistant; and

WHEREAS, each member of the Commission contributed significant amounts of time and energy to the project, and together they brought to bear their considerable collective knowledge and experience; the Commission reviewed and digested volumes of information, listened carefully and respectfully to various advocacy groups, and were guided by nine Principles of a High-Quality Revenue System, as outlined by the National Council of State Legislatures; and

WHEREAS, the Commission, after thorough discussion, determined that the Governor and the General Assembly are responsible and best suited to determine the extent of services that Tennesseans want and need, and defined “adequacy of expenditures” in its report as the 2004-2005 budget approved by the General Assembly and Governor Phil Bredesen; and

WHEREAS, the Commission filed a measured and thoughtful report based on their best judgment, arrived at after hearing deeply felt and often widely divergent philosophical views

from a wide range of opinion groups within this State; their dedication to their task is unquestionable and constitutes a great service to their fellow citizens; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED FOURTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that we hereby commend and thank each voting and non-voting member, as well as the staff, of the Tax Structure Study Commission for their dedication and selfless sacrifice of time and effort to thoroughly examine a difficult issue of vital importance to the citizenry of our State. We wish them well in all their future endeavors.

BE IT FURTHER RESOLVED, that an appropriate copy of this resolution be prepared for presentation with this final clause omitted from such copy.